

PROTECTING AND STRENGTHENING HUMAN CAPITAL AMIDST A GLOBAL FOOD CRISIS

On October 15th, 2022, 44 countries and 200 participants joined the 2022 Annual Meetings Human Capital closed-door Ministerial Conclave to discuss policy priorities and solutions to provide **immediate support to the vulnerable and invest in sustainable food and nutrition security**.

KEY TAKEAWAYS

- Targeted cash transfer programs** underpinned by social registries can shield the poor and vulnerable from the immediate impacts of food and other price hikes.

- Governments** should use targeted measures to support households in a time-bound manner and work to strengthen social registries to enable agile responses to future crises.

- The World Bank Group** can assist countries with financing to meet these needs and technical assistance to support effective implementation.

Productive inclusion programs that go beyond cash benefits can help improve households' resilience in the long-term.

- Governments** can implement productive inclusion programs that focus on education, entrepreneurship, and socio-emotional skill development, particularly for women.

- The World Bank Group** can support countries to leverage partnerships that can help to build strong productive inclusion programs, often with the non-profit and private sector playing a key role in their delivery.

Supporting sustainable, nutritious, and affordable food systems is key.

- Governments** can support sustainable, nutritious, and affordable food systems in a range of ways, including through technology transfer, financing, agricultural extension, skills development, and, importantly, by avoiding universal subsidies and trade restrictions.

- The World Bank Group** will assist countries in the development of sustainable agriculture practices and play a role in facilitating knowledge exchange and peer-to-peer learning amongst countries.



Ministers of Finance from 17 countries shared their experiences during themed panel discussions. **Theme one** was focused on providing immediate support to the vulnerable, while building shock-resilient social protection systems, and **theme two** was centered on investing in sustainable food and nutrition security.

World Bank Group President David Malpass delivered opening remarks highlighting the World Bank Group's response to the global food and nutrition crisis, and World Bank Managing Director of Operations, Axel van Trotsenburg, provided closing remarks.

World Bank Managing Director of Development Policy & Partnerships, Mari Pangestu, moderated one of the themed sessions, and the event was chaired by the World Bank Vice President for Human Development, Mamta Murthi.

OPENING REMARKS

Vice President Mamta Murthi opened the event with the following remarks about the global food crisis:

- The current overlapping global crises have reversed decades of progress in human

capital outcomes. There is an urgent need for **strong investments in human capital** – putting people at the heart of the crisis response – to restore and bolster human capital outcomes, supporting individuals and communities in achieving their full potential.

- The Human Capital Ministerial Conclave comes at a critical time when the **world is experiencing a global food and nutrition crisis**. Food shortages and high inflation affect the poor and vulnerable households the most and result in **adverse coping mechanisms** with long lasting impacts on education, health, productivity, and income.
- Many families will experience less diversified diets that can **result in malnutrition and undernutrition**, compromising healthy brain development. Malnutrition and undernutrition can also cause adult obesity, which is linked to many severe and chronic diseases.
- This underscores the importance of **whole-of-government and whole-of-society approach** that is promoted by the Human Capital Project, a global network of 86 countries that are committed to accelerating investments in people to build, protect, and use human capital.

Before turning to the first panel of ministers to discuss theme one of the Conclave, **World Bank Group President David Malpass provided opening remarks** based on his reflections from the Annual Meetings:

- The recent report "[Poverty and Shared Prosperity 2022](#)" reveals that **extreme poverty has increased** and many of our previous gains have reversed – a clear example of the crisis facing development. Among the lessons learned is that countries with **social safety nets** suffered less from the multiple effects of the pandemic.
 - Middle income countries also face increasing vulnerability in the face of multiple shocks. The **rising burden of debt** is eroding the fiscal space of countries.
 - There is clear evidence from past crises that **children (including those in utero) can suffer long-term consequences from short-term shocks**, and **girls face a disproportionately higher rate of school dropouts, pregnancies, and child marriage**.
 - To tackle some of the current challenges and build resilience, there is a need to take an **integrated systems approach**. For example,
- many schools provide nutritional lunches that aid children in brain development and reduce stunting. Similarly, as we look to integrate climate-sensitive policies and development, working across various systems to **mitigate, adapt, and build resilience to climate change** will become increasingly important.
- To support our clients in these unprecedented times, [\\$30 billion](#) out of the [\\$170 billion](#) World Bank surge in financing commitments has been pledged towards food security, providing immediate response, but also strengthening food systems to build resilience in the long term.
- Furthermore, a concerted, global effort is needed.** The World Bank Group, jointly with the Group of Seven (G7) Presidency, convened the [Global Alliance for Food Security](#) (GAFS) and is working with key agencies including the Food and Agricultural Organization (FAO), the International Monetary Fund (IMF), the World Food Program (WFP), and the World Trade Organization (WTO) to catalyze food security and promote global cooperation. The alliance aims to avoid over-storage and export restrictions on food, and tackle fertilizer shortage. IFC through a [\\$6 billion Global Food Security Platform](#) is also acting as a financing facility for the private sector.



THEME ONE HIGHLIGHTS: SOCIAL PROTECTION TO PROVIDE IMMEDIATE SUPPORT TO THE VULNERABLE

World Bank Managing Director of Development Policy and Partnerships, Mari Pangestu, moderated a panel of Ministers. Discussions during the panel focused on how to prioritize spending for maximum impact. Ministers were asked what policy responses they have undertaken to **mitigate the impact of food and other price hikes** on poor households and why, and what some of **the challenges have been**.

Mitigating the impact of food and other price hikes

Minister Marchenko noted that **Ukraine** provided almost 10 percent of the world's grain supply before the Russia-Ukraine war, which led to food price increases worldwide and jeopardized almost 400 million people dependent on Ukraine's grain supplies. Despite rampant inflation, the country had to freeze all social spending highlighting the difficult policy choices the country at war must make.

Many of the countries noted the importance of social protection programs to tackle the effects of the

overlapping shocks. **Minister Shide** noted that **Ethiopia** has invested in productive safety nets programs in both rural and urban areas and that these programs are providing an effective response to the challenges from price increases, climate change, and displacement.

Minister Semasinghe of Sri Lanka pointed out that although the country's Human Capital Index (HCI) has reached a level of 60, the COVID-19 pandemic opened the country to economic vulnerabilities. With the help of the World Bank and other partners, the Sri Lankan government has supported the vulnerable groups with cash transfers, cooking gas, fertilizer, and medicine. Importantly, it also initiated reforms to make social protection schemes more adaptive and scalable, with improved identification and targeting, while facilitating eventual smooth graduation out of safety nets.

Minister Dawaleh of Djibouti spoke about his country's challenges of being in a harsh physical environment, characterized by scarce resources and an increasing migrant population, many of whom are climate migrants. He also noted the importance of partnerships, such as the Human Capital Project Network, where there is an opportunity to learn from peer-to-peer exchanges, such as the recent collaboration with Morocco, facilitated by the World Bank.

Mr. Malpass was invited at the end of this first round of discussions to provide his reflections, including how the World Bank is helping countries via a range of support programs. He stressed that **the World Bank is strongly advocating being pragmatic early on when using subsidies, by making sure they are time bound and phased out over time**. Finally, Ms. Pangestu provided her reflections, pointing out that the implementation of cash transfers is a helpful measure, in addition to developing productive inclusion and climate smart programs.

In line with this, **Ms. Pangestu invited ministers to outline how they have scaled up productive inclusion programs** that offer additional support by providing seed capital, skills training, and market linkages that can protect the vulnerable both in the short-term and help build resilience in the long-term.

Scaling up productive inclusion programs

Minister Pasha of Pakistan explained that the country has a robust social registry and digital payment system for delivering targeted social protection, especially amid the recent flooding crisis. The country is also prioritizing graduation from government transfers and has allied with the non-profit sector to provide skills for self-employment to youth and women.



Meanwhile, **Mr. Abdoulalye Modibo, Alternate Governor for the World Bank from Niger**, noted the importance of the Adaptive Social Protection Program, which was started in collaboration with the World Bank and focuses on two elements: cash transfers over two years, and accompanying measures including training, financial inclusion, support to entrepreneurship. The program has been rigorously evaluated and has shown to increase resilience to shocks.

Dr. Khaled Mahdi, General Secretary of the Supreme Council for Planning and Development of Kuwait, talked about some of the challenges associated with graduating beneficiaries from social protection programs, including a lack of self-esteem and confidence to complete projects, particularly among women who tend to have a more risk-averse approach, and a lack of business skills. He noted that cash transfers are not always enough, and Kuwait is piloting productive inclusion programs to increase support.

Building secure and responsive social protection programs

For the third and final question of the panel, Ms. Pangestu asked how countries can build social protection programs that are secure and responsive during a crisis, now and in the future, and if there are lessons that the countries in attendance could share with others.

Minister Rabarinirinarison explained that **Madagascar** focused on improving its social protection programs to increase access to food and safety nets. One example is the Productive Social Nets program, which focuses on enhancing human capital by operating highly labor-intensive projects and providing technical training on agricultural production.

Meanwhile, **Minister Llamosas**, spoke of **Paraguay's** support for people in the informal sector during the pandemic, by way of monetary transfers. More than a quarter of the country's population is in poverty, and 65 percent of the economically active population works in the informal sector. This presented a challenge for the deployment of benefits, as a high percentage of the population was not registered on any social registry. As such, the government took advantage of the high prevalence of mobile phones to deploy electronic payment systems.

Mr. Abdur Rouf Talukder, Governor of Bangladesh Bank, noted that Bangladesh is currently implementing one of the largest social protection programs in the world, including cash transfer programs and allowances, conditional food transfer programs, and a program to secure jobs in targeted areas for a fixed amount of time. By deploying social protection programs via both a national ID system and a government-to-person (G2P) system the country has been able to reduce leakages and increase its beneficiaries.

Minister Johnson of Togo spoke about the universal solidarity income program that the country put in place during the COVID-19 pandemic. The Novissi program was an emergency cash transfer that was digitally enabled from end to end, deploying about \$33.9 million in cash transfers to 920,000 people – 63 percent of whom were women. In addition to this, and with support from the World Bank, Togo implemented a program whereby school canteens provided more than 15 million hot meals.

THEME TWO HIGHLIGHTS: INVESTING IN FOOD AND NUTRITION SECURITY

Investing in sustainable, nutritious, and affordable food systems

World Bank Vice President for Human Development, Mamta Murthi, moderated a second panel discussion. Ministers were first asked **how to make food systems more sustainable, nutritious, and affordable**, and what some of the challenges are in implementing these policies.

Minister Sarr of Senegal, who is also this year's Chair of the Human Capital Network, explained that **Senegal employs a five-pronged approach**, including policies on land access that focus on a value chain approach, creating "agri-poles" or



regions that specialize in the production of certain crops; skills training in water and energy resource management for farmers; advancing financing for adaptation measures and agri-insurance; improving access to markets; and improving basic infrastructure, such as water, renewable energy, and technology to enable data sharing. Minister Sarr also emphasized the need to decrease post-harvest losses.

Minister João of Angola spoke about the country's challenges with chronic malnutrition, which 38 percent of children under five suffer from in Angola. This challenge is compounded by the fact that Angola ranks in the top five countries with the largest population growth rate. To improve Angola's food and nutrition security, the country has implemented a school lunch project using food produced by local communities, which in turn boosts the rural economy. Angola has introduced a range of other programs, including improved access to financial resources for cooperatives and other producers, a program to formalize the informal economy, and a plan to invest in grain production. The country is also testing the introduction of a kindergarten program to build preschool capacities.

Providing her reflections, and as a segue into the next section, Ms. Murthi pointed out that **even when households receive cash transfers, they still might not know what good nutrition for children entails.**

Ensuring sound nutrition and cognitive development of all children

For the final question of the second panel, Ms. Murthi asked countries about the measures that need to be taken to ensure that parents and communities are aware of the interventions that are required for good nutrition and cognitive development for children.

Minister Tshering of Bhutan pointed out the country's 'A Thousand Golden Days' initiative, a program centered around maternal and early childhood health, which prioritizes children's cognitive and physical development. The program issues conditional cash transfers to the mother and the child, from pregnancy until the child reaches the age of two. Additionally, the government of Bhutan has adopted a comprehensive breastfeeding policy, allowing working women to take six-months' maternity leave.

Minister Gomes of Timor-Leste explained that the country has adopted a new cash transfer program called '[Mother's Purse - New Generation \(Bolsa da Mãe - Jerasaun Foun\)](#)' with a \$13.7 million budget, that provides monthly payments to families with pregnant women and children up to the age of six, as well as children with disabilities. Timor-Leste's government has also budgeted \$10 million annually for the next five years to support and help

address micronutrient deficiencies related to poor diet in children from low-income households.

Meanwhile, **Minister Kassali** spoke about **Algeria**'s efforts to reduce the impact of increasing food prices, including rescheduling farmers' debt, providing support for the purchase of soft and hard wheat, and putting in place a compensatory mechanism to absorb price increases for consumers. These measures have helped Algeria rank third in Africa in the [United Nations Development Program \(UNDP\)'s Human Development Report of 2022](#).

Finally, **Minister El Khalil** spoke of how after almost three years into its economic crisis, **Lebanon** still faces serious challenges for recovery. The compounding crises have pushed thousands of Lebanese households into poverty and unemployment. Concerns about food and nutrition insecurity are intensifying, with the country finding itself in the [top 20 acute hunger spots in the world](#). Minister El Khalil also noted the World Bank's assistance to Lebanon, including an emergency wheat loan when the country lost its grain silos following the 2020 Beirut explosion. The World Bank is also assisting Lebanon with a major food security support program to help farmers import better wheat, grains, chemicals, and fertilizers.

CLOSING REMARKS

World Bank Managing Director of Operations, **Axel van Trotsenburg**, provided the following closing remarks for the closed-door ministerial meeting:

- **Human Capital is a core business mandate for the World Bank**, and work is required to reverse setbacks to human capital.
- **Countries have a good understanding of the shared challenges**, and helpful experiences were shared at the Conclave, but more still needs to be done. We need to act faster with a focus on the long-term agenda, and for that human capital is key.



- In FY20-22, the World Bank's lending to social protection, health and education grew to more than \$60 billion—an increase from \$28 billion from three prior fiscal years.
- **When the food crisis hit and the Russia-Ukraine war began, the Bank approved \$170 billion to be deployed over 15 months.**
- There is a lot to be done as needs are much more significant than just the ones mentioned. The core question remains as to how countries can build long-term resilience in their food and social protection systems.
- As governments experience fiscal constraints, **the World Bank stands ready to help as much as possible**. The International Development Association (IDA) has received a record replenishment, with the IDA's focus being about partnering for the future, and human development.

LOOKING AHEAD

Vice-president Mamta Murthi concluded the event with **key takeaways and highlighted the importance of parents and communities knowing about good nutrition and cognitive practice**.

In addition to thanking all speakers for an important event, Ms. Murthi invited all speakers and participants to attend the live-streamed, open-door panel discussion that followed.

LEARN MORE: Review the [recording](#) of the open-door, live-streamed panel discussion.